

COMMERCIAL ARITHMETICS II

KCSE QUICK REVISION

*Compilation of Possible Questions in Mathematics Likely to be examined in
KCSE.*

*A Special Analysis of Prediction Questions that may be Tested in KCSE from this
Topic in Form 3.*

MATHEMATICS

SERIES 1

For Marking Schemes

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COMMERCIAL ARITHMETICS II

1. A business woman opened an account by depositing Kshs. 12,000 in a bank on 1st July 1995. Each subsequent year, she deposited the same amount on 1st July. The bank offered her 9% per annum compound interest. Calculate the total amount in her account on
- (a) 30th June 1996
(b) 30th June 1997

2. A construction company requires to transport 144 tonnes of stones to sites A and B. The company pays Kshs 24,000 to transport 48 tonnes of stone for every 28 km. Kimani transported 96 tonnes to a site A, 49 km away.
- (a) Find how much he paid
(b) Kimani spends Kshs 3,000 to transport every 8 tonnes of stones to site. Calculate his total profit.
(c) Achieng transported the remaining stones to sites B, 84 km away. If she made 44% profit, find her transport cost.

3. The table shows income tax rates

Monthly taxable pay	Rate of tax Kshs in 1 KE
1 – 435	2
436 – 870	3
871-1305	4
1306 – 1740	5
Excess Over 1740	6

A company employee earn a monthly basic salary of Kshs 30,000 and is also given taxable allowances amounting to Kshs 10, 480.

- (a) Calculate the total income tax
(b) The employee is entitled to a personal tax relief of Kshs 800 per month. Determine the net tax.
(c) If the employee received a 50% increase in his total income, calculate the corresponding percentage increase on the income tax.

4. A house is to be sold either on cash basis or through a loan. The cash price is Kshs.750, 000. The loan conditions are as follows: there is to be down payment of 10% of the cash price and the rest of the money is to be paid through a loan at 10% per annum compound interest.
- A customer decided to buy the house through a loan.
- a) (i) Calculate the amount of money loaned to the customer.
- (ii) The customer paid the loan in 3 year's. Calculate the total amount paid for the house.
- b) Find how long the customer would have taken to fully pay for the house if she paid a total of Kshs 891,750.
5. A businessman obtained a loan of Kshs. 450,000 from a bank to buy a matatu valued at the same amount. The bank charges interest at 24% per annum compound quarterly
- a) Calculate the total amount of money the businessman paid to clear the loan in 1 $\frac{1}{2}$ years.
- b) The average income realized from the matatu per day was Kshs. 1500. The matatu worked for 3 years at an average of 280 days year. Calculate the total income from the matatu.
- c) During the three years, the value of the matatu depreciated at the rate of 16% per annum. If the businessman sold the matatu at its new value, calculate the total profit he realized by the end of three years.
6. A bank either pays simple interest as 5% p.a or compound interest 5% p.a on deposits. Nekesa deposited Kshs P in the bank for two years on simple interest terms. If she had deposited the same amount for two years on compound interest terms, she would have earned Kshs 210 more.

Calculate without using Mathematics Tables, the values of P

7. (a) A certain sum of money is deposited in a bank that pays simple interest at a certain rate. After 5 years the total amount of money in an account is Kshs 358 400.
- The interest earned each year is 12 800

Calculate

- (i) The amount of money which was deposited (2mks)
- (ii) The annual rate of interest that the bank paid (2mks)

- (b) A computer whose marked price is Kshs 40,000 is sold at Kshs 56,000 on hire purchase terms.
- (i) Kioko bought the computer on hire purchase term. He paid a deposit of 25% of the hire purchase price and cleared the balance by equal monthly installments of Kshs 2625. Calculate the number of installments (3mks)
- (ii) Had Kioko bought the computer on cash terms he would have been allowed a discount of $12\frac{1}{2}\%$ on marked price. Calculate the difference between the cash price and the hire purchase price and express as a percentage of the cash price
- (iii) Calculate the difference between the cash price and hire purchase price and express it as a percentage of the cash price.

8. The table below is a part of tax table for monthly income for the year 2004

Monthly taxable income In (Kshs)	Tax rate percentage (%) in each shillings
Under Kshs 9681	10%
From Kshs 9681 but under 18801	15%
From Kshs 18801 but 27921	20%

In the tax year 2004, the tax of Kerubo's monthly income was Kshs 1916.
Calculate Kerubo's monthly income

9. The cash price of a T.V set is Kshs 13, 800. A customer opts to buy the set on hire purchase terms by paying a deposit of Kshs 2280.
If simple interest of 20 p. a is charged on the balance and the customer is required to repay by 24 equal monthly installments. Calculate the amount of each installment.
10. A plot of land valued at Kshs. 50,000 at the start of 1994.
Thereafter, every year, it appreciated by 10% of its previous years value find:
- (a) The value of the land at the start of 1995
- (b) The value of the land at the end of 1997

11. The table below shows Kenya tax rates in a certain year.

Income K £ per annum	Tax rates Kshs per K £
1- 4512	2
4513 - 9024	3
9025 - 13536	4
13537 - 18048	5
18049 - 22560	6
Over 22560	6.5

In that year Muhando earned a salary of Kshs. 16510 per month. He was entitled to a monthly tax relief of Kshs. 960

Calculate

(a) Muhando's annual salary in K £

(b) (i) The monthly tax paid by Muhando in Kshs

14. A tailor intends to buy a sewing machine which costs Kshs 48,000. He borrows the money from a bank. The loan has to be repaid at the end of the second year. The bank charges an interest at the rate of 24% per annum compounded half yearly. Calculate the total amount payable to the bank.

15. The average rate of depreciation in value of a water pump is 9% per annum. After three complete years its value was Kshs 150,700. Find its value at the start of the three year period.

16. A water pump costs Kshs 21600 when new, at the end of the first year its value depreciates by 25%. The depreciation at the end of the second year is 20% and thereafter the rate of depreciation is 15% yearly. Calculate the exact value of the water pump at the end of the fourth year.

For Marking Schemes/Answers

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